

D2020 Advisory Committee: Conclave Meeting Minutes

Date: February 19, 2019

Location: Yak & Yeti Hotel

Minutes:

Agenda Item #1: Conclave kick-off by the D2020 Advisory Committee

- Faris Haddad-Zervos, Nepal Country Manager for the World Bank (and Digital2020 Advisory Committee member), delivered opening remarks. He spoke about the importance of Digital2020 (or “D2020”) to Nepal and outlined key objectives for the conclave.
- Mr. Haddad-Zervos emphasized the need to better engage the banked *as well as* the unbanked population segments through digital financial systems that enhance financial inclusion for all Nepalis.
- The need to work toward a digital Nepal that is fueled by sustainable growth, devoid of extreme poverty, and where shared property thrives, was cited by Mr. Haddad-Zervos as core World Bank objectives in Nepal.
- Mr. Maha Prasad Adhikari, CEO of the Investment Board of Nepal (and D2020 Advisory Committee member) shared complimentary opening remarks, reiterating the key objectives of the Digital2020 initiative and expressing strong support. Mr. Adhikari stressed on the need for strong cooperation among all stakeholders, particularly the GON and private sector, to establish and accelerate momentum toward achieving the D2020 goals.
- Mr. Adhikari shared his views on the ways that digitization can strengthen and secure the economy including by helping curb corruption through increased transparency and traceable transactions. He also touched upon the utility of digital financial services as an effective deterrent against money laundering.
- Given that a majority of GON transactions remain cash-based, Mr. Adhikari stressed on the need for GON to increasingly provision its services via digital platforms, which would enhance efficiency through reduced time and transaction costs. A sense of urgency was established by Mr. Adhikari’s remarks on the need to build the infrastructure to enable the payments layer of Nepal’s Digital Economy.
- The following objectives were cited as foundational to enable financial inclusion and a “less-cash” society through digital means:
 - i. Widespread education on digital financial services and the benefits that can accrue to all population segments, especially the unbanked;
 - ii. Increased awareness on the utility of digital financial services among the banked population segments followed by increased usage of such services; and
 - iii. Appropriate incentive schemes that wean consumers off cash and onto digital channels.
- Mr. Adhikari suggested that drastic reductions in usage fees and miscellaneous charges levied by banks (on digital channels) would likely drive increased adoption and usage of digital financial services. He concluded by re-emphasizing the importance of enabling and widely adopting digital financial services as critical to Nepal’s development.

Agenda Item #2: Panel Discussion with the D2020 Advisory Committee

- A panel discussion, moderated by Mr. Dipta Shah (D2020 Secretariat), was held with D2020 AC members Mr. Maha Adhikari, Mr. Faris Haddad-Zervos, Mr. Dev Raj Dhakal, and Mr. Rabi Rayamajhi (representing AC members H.E. Richard Morris and Mr. Rurik Marsden).
- The discussion centered on various benefits and opportunities that would accrue in a Nepal where digital financial services is widely adopted as well as key challenges that need to be addressed to realize a digital Nepal.
- Personal views were solicited from D2020 AC members on their experience using digital finance channels; parallels with similarly nascent digital ecosystems were drawn to help identify the most relevant solutions to enhancing digital financial inclusion in Nepal.
- The role of multiple stakeholders like GON (and its instruments), private institutions and other Donor entities in promoting financial inclusion through digitization was also discussed.
- A brief Q&A session followed during which Mr. Adhikari and Mr. Haddad-Zervos fielded questions from conclave participants.
- Mr. Suman Joshi (MD, TrueNorth Associates) asked for clarity on whether D2020 is by design an advocacy platform alone or also a body that is equipped to action various initiatives. In addition to an objectives-based response (i.e. D2020 aims to help digitize at least 20% of cash transactions in Nepal by December 2020 through advocacy, events, initiatives, etc.), Mr. Haddad-Zervos further clarified the role of D2020 as a platform that can bring together and focus a broad group of stakeholders on an agenda that no single entity alone can achieve – i.e. driving digital financial inclusion.

Agenda Item #3: Measuring digital financial services, transaction volumes and inclusion

- Mr. Dev Kumar Dhakal, Executive Director of the Payments Department at NRB (and member of the D2020 Advisory Committee), delivered opening remarks. This agenda item originated at the first D2020 AC meeting held on the 19th of January 2019, when the representative from NCHL, Mr. Neelesh Man Pradhan, raised concerns on how progress toward the D2020 goals would be measured and by which independent body. Mr. Dhakal took ownership of this topic and had agreed to revert to the AC with additional information on the state of play vis-à-vis measurement.
- Mr. Dhakal spoke about the private banking sector and emphasized the need for better and more fluid inter-operability among fintech products, services, and their providers. He also reaffirmed his support for the D2020 initiative, citing that his department (and NRB) is ready to work with all stakeholders to realize widespread digital financial inclusion in Nepal.
- UNCDF team member Aliska Bajracharya followed Mr. Dhakal’s opening remarks, describing work completed on the “Nepal Financial Inclusion Portal” - a joint NRB/UNCDF undertaking. The following video was played as an introduction to the portal: <https://bit.ly/2Ee2g0M>.
- Mr. Teknath Pokhrel, Team Lead from NRB spoke about the data collection and reporting capabilities in the “Nepal Financial Inclusion Portal”, which is a web-enabled tool. (Refer to the attached “Empap presentation. Session 3 b” file for additional details).
- The creation of this portal in place of an Excel-based, manually intensive process was hailed as a significant step forward in NRB’s data collection and dissemination capabilities. In addition to a standard format receptacle, the “Nepal Financial Inclusion Portal” provides capabilities such as gender-disaggregated metrics and has led to a 70-75% increase in compliance (on data entry).

- The Q&A session on this topic ranged from questions on how the collected data is being consumed within the NRB, to questions on data quality/reliability, to the current digital transaction limits regime, and a discussion on the different types of data elements currently in use across financial institutions.
- Suggestions were made to rationalize data elements that are already required by NRB across its different functions and to set up a common platform and a stable format for all banks to comply with.
- The possibility of creating digital banking branches was also raised to which D2020 partners from the NRB responded positively. NRB partners acknowledged that there is room for improvement on the “Nepal Financial Inclusion Portal” and requested continuous and constructive feedback either bi-laterally or in a consolidated fashion via the D2020 Secretariat.

Action Items:

- Upon request from Mr. Dev Kumar Dhakal, the **Nepal Bankers Association to submit a written request to NRB, asking for an overhaul of the current limits on digital transactions.** This suggestion was made in response to discussions during the Q&A segment whereby participants, through examples, described how the current limits regime impedes achievement of the D2020 objectives. – *D2020 Secretariat to channel this request through Mr. Gyanendra Dhungana, President of Nepal Bankers Association and member of the D2020 Advisory Committee.*
- **D2020 partners to share ideas for consolidation with the D2020 Secretariat** – focus on data elements and templates that can be used to augment the “Nepal Financial Inclusion Portal” with emphasis on digital financial inclusion aspects. – *D2020 Secretariat to collate feedback provided and share with UNCDF and NRB.*

Agenda Item #4: Expanding the reach of D2020 to unbanked and underbanked populations

This segment included presentations from the following D2020 Donor partners:

- **World Bank Group:** A presentation by Mr. Ashim Nepal highlighted findings from an internal WBG study on the state of digital financial services in Nepal. This study re-emphasized a preference among the population for cash over digital means and a concentration of digital activity in urban areas. The opportunity to increase awareness and access to digital financial services in non-urban areas across Nepal is significant. (For additional details, contact Ashim Nepal: anepal@ifc.org).
- **UNCDF:** A presentation by Mr. Abhay Pareek from UNCDF focused on six major payment flows in terms of transaction value in Nepal. All six flows (channels) serve three stakeholders: Government, Business, and People. The study estimates the volume, type and method of transactions carried out across all six channels. The presentation also captures challenges to the development of and outreach on digitization; the dire need to boost customer confidence was emphasized. (Refer to the presentation “Nepal Payment Flow Diagnostics Deck” for details or contact Abhay Pareek: abhay.pareek@uncdf.org).
- **DFID:** Mr. Rabi Rayamajhi provided a summary of multiple DFID-led/sponsored initiatives that aim to increase (digital) access to finance in Nepal. He mentioned that through the “Challenge Fund”, DFID has 40 partnerships and 60 projects on financial inclusion across the globe. Mr. Rayamajhi discussed DFID’s broader objective of helping bridge gaps between the government and private sector in the financial inclusion domain. The achievements of “Sakshyam”, a DFID-funded project

was highlighted for purposes of illustration. (For additional details, contact Rabi Rayamajhi: R-Rayamajhi@dfid.gov.uk).

- During the Q&A segment of this session, several participants inquired about different aspects of Donor-sponsored initiatives that are currently on-going as well as those that are planned in future. A request was tabled to consolidate highlights and share information broadly with the D2020 partnership, so all ecosystem stakeholders are aware of who is doing what in the DFS space in Nepal.
- Mr. Anil Shah (Chief Executive Officer of Nabil Bank), speaking on behalf of the Nepal Bankers' Association, voiced a sense of urgency for banks to aggressively adopt and grow digital financial solutions and channels. He highlighted the growth in smartphone ownership (and usage) and the competitive risks as well as opportunities that this trend implies to the banking sector.
- Mr. Shah correctly pointed out that stakeholders of digital transaction systems are competing against cash and need to implement innovative approaches to include more people on digital platforms and increase the volume of digital transactions. He also warned against banks remaining complacent given looming competitive pressures from Mobile Network Operators, should these entities be licensed to operate in the FinTech space in Nepal.

Action Item:

- **Work with FSDPG (Financial Sector Donor Group) to help disseminate information on Donor-led/sponsored initiatives on DFS in Nepal** – *D2020 Secretariat to help establish a communication channel.*
- **Consolidate feedback on gaps in digital financial inclusion and suggestions on how to address these into a 2-page memo** for discussion at an upcoming D2020 AC meeting – *D2020 partners to submit views for consolidation by the D2020 Secretariat over the course of March 2019; a summary of points raised will be submitted to the D2020 AC by end of March.*

Agenda Item #5: The D2020 Roadmap

- Mr. Prakash Koirala from the D2020 Secretariat provided an overview of planned, flagship events and activities to be initiated under the D2020 campaign.
- Such events and activities will be used to help sensitive consumers to the potential of digital financial services. The program design emphasizes the following:
 - a. Ensures resource allocation to best use – i.e. suggests that the private sector take lead on activities that target the banked and relatively digitally aware population segments whereas the GON and Donor partners focus on the under-banked and unbanked segments.
 - b. Is inclusive – has aspects that focus on Kathmandu and tier-1 cities but also aims to canvass all seven states (and applicable age groups) by December 2020.
 - c. Is holistic – makes space for a variety of underlying aspects including incentives, (product) promotions, knowledge dissemination programs, etc., enabling every D2020 partner to discern where (and how) they are best placed to participate.
- By differentiating engagements with different groups and making space for all supply-side stakeholders and enablers, Mr. Koirala suggested that there is a real opportunity through D2020

to enhance financial knowledge, skills, and attitudes that will foster meaningful behavior changes on digital financial services across Nepal. (For additional details, refer to the presentation “D2020 Events and Activities_2.19.2019” or contact Prakash Koirala: prakash@d2020.com.np).

- Mr. Dipta Shah (also part of the D2020 Secretariat), spoke to feedback already received from several private sector partners that are willing able to sponsor specific D2020-enabled events and activities. Per their suggestions, the funding model going forward will rely on disaggregated activity of line items, each with an associated budget, for sponsors to selectively opt-into. (For additional details, refer to the document “D2020 Events and Activities_v2.1_02.20.2019” or contact Prakash Koirala: prakash@d2020.com.np).

Action Item:

- D2020 partners to review the proposed list of D2020 events and activities and indicate where they are best placed to participate/sponsor by March 30, 2019 – *D2020 Secretariat to factor information received into the planning process.*
- Follow up individually with D2020 partners for feedback and sponsorship opportunities during March 2019 – *D2020 Secretariat to systematically reach out to each D2020 partner and summarize findings at the next AC meeting (to be scheduled).*

Annex-A: Invitee and Attendee List

Name	Organization	Role in D2020	Mode
Mr. Faris H. Hadad-Zervos	Country Manager, World Bank	AC member	In-person
H.E. Richard Morris	UK FCO, Ambassador to Nepal	AC member	Regrets received
Mr. Rurik Marsden	Head, DFID	AC member	Regrets received
Mr. Gyanendra Prasad Dhungana	President, Nepal Bankers' Association	AC member	Absent
Mr. Dev Kumar Dhakal	Executive Director, Payments Systems Dept., NRB	AC member-delegate on behalf of Dr. Chiranjibi Nepal, Governor, NRB	In-person
Mr. Maha Prasad Adhikari	CEO, Investment Board Nepal	AC Member	In-person
Dr. Ram Sharan Kharel	Advisor, Ministry of Finance	GON – Observer	Absent
Mr. Neelesh Man Pradhan	CEO, NCHL	Private Sector Partner	Absent
Mr. Prabin Chhetri	CEO, NEPS	Private Sector Partner	In-person
Mr. Ram Rakkapan	Head of Government Relations, Visa	Private Sector Partner	Absent
Ms. Kusum Lama	Direct, Prabhu Pay	Private Sector Partner	Absent
Mr. Rakesh Shrestha	Nepal Representative, UnionPay	Private Sector Partner	In-person
Mr. Manohar K. Bhattarai	Advisor, Digital Nepal	Private Sector Partner	Absent
Mr. Ranjit Kumar Karna	Program Manager, Ncell	Private Sector Partner	In-person
Mr. Ashim Nepal	Financial Sector Specialist, World Bank	Donor Partner	In-person
Mr. Sabin Raj Shrestha	Sr. Financial Sector Specialist, World Bank	Donor Partner	In-person
Mr. Biswas Dhakal	CEO, F1Soft International Pvt. Ltd.	Private Sector Partner	In-person
Mr. Amish Dhungel	Assistant Director, NRB	GON Partner	In-person
Mr. Rabin Bhandari	Assistant Director, NRB	GON Partner	In-person
Mr. Sujit Shrestha	CIO, SCB	Private Sector Partner	In-person
Mr. Ritesh Lamichhane	Head of Marketing	Private Sector Partner	In-person
Mr. Anil Shah	CEO, Nabil Bank	Private Sector Partner	In-person
Mr. Dip P. Pandey	CEO, Shikhar Insurance	Private Sector Partner	In-person

Name	Organization	Role in D2020	Mode
Mr. Ajaya Shah	CEO, Laxmi Bank	Private Sector Partner	In-person
Mr. Nirmal Dahal	Team Leader, Sakshyam	Donor Partner	In-person
Ms. Raveena Desraj	ADCEO, Mega Bank	Private Sector Partner	In-person
Mr. Kedar Prasad Acharya	NRB (Retd.)	Observer	In-person
Mr. Mukti Nath Shrestha	Deputy ED, SEBON	GON Partner	In-person
Mr. Govinda Gurung	CEO, Civil Bank	Private Sector Partner	In-person
Mr. Parneem Shrestha	HDB, Civil Bank	Private Sector Partner	In-person
Mr. Prabin Raj Pokharel	Advisor, Sakshyam	Donor Partner	In-person
Mr. Bikash Gubhajan	Senior Manager, Swiss Contact	Donor Partner	In-person
Mr. Suman Joshi	MD, True North Associates	Private Sector Partner	In-person
Mr. Gopal Pangeni	CA, Beema Samiti	Donor Partner	In-person
Ms. Keyzom Ngodup	UNCDF	Donor Partner	In-person
Mr. Abhay Pareek	UNCDF	Donor Partner – Presenter	In-person
Ms. Aliska Bajracharya	UNCDF	Donor Partner – Presenter	In-person
Ms. Monisha Shrestha	UNCDF	Donor Partner	In-person
Ms. Audrey Misquith	UNCDF	Donor Partner	In-person
Mr. Bishnu Bhandari	Mega Bank	Private Sector Partner	In-person
Mr. Sandip Babu Paudel	Mega Bank	Private Sector Partner	In-person
Mr. Daniel Shrestha	COO, IME Pay	Private Sector Partner	In-person
Mr. Shanker Paudel	Officer, Everest Bank	Private Sector Partner	In-person
Mr. Rajan Panta	Sr. Economist, IFC	Donor Partner	In-person
Mr. Bigyan Sijapati	CISO, Himalayan Bank	Private Sector Partner	In-person
Ms. Kene Ezemenari	Sr. Economist, World Bank	Donor Partner	In-person
Mr. Parshuram Kunwar Chhetri	CEO, Janata Bank	Private Sector Partner	In-person
Mr. Abhishek Chhetri	PA to CEO, F1Soft International Pvt. Ltd.	Private Sector Partner – Observer	In-person
Mr. Prakash Koirala	Program Manager, D2020	D2020 Secretariat	In-person

Name	Organization	Role in D2020	Mode
Mr. Dipta Shah	Advisor, F1Soft Foundation	D2020 Secretariat	In-person